EXHIBIT 19

2008-SE-006137

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

BEN S. BERNANKE
CHAIRMAN

November 9, 2008

The Honorable Henry M. Paulson, Jr.
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

Dear Mr. Secretary,

I am writing in connection with the Emergency Economic Stabilization Act of 2008 (EESA), which authorizes the Secretary of the Treasury to establish the Troubled Asset Relief Program (TARP). As explained below, I believe that utilizing TARP funds to purchase preferred equity of American International Group, Inc. (AIG) is necessary to promote financial stability.

As you are well aware, financial markets in the United States have been experiencing significant stress over the past year and a quarter. During that time, investor confidence in U.S. financial institutions has been shaken severely by the sharp and broad-based declines in home prices; the continuing rise in mortgage delinquencies and defaults; the resulting substantial drop in values of mortgages and mortgage-backed securities; the collapse of some term funding markets; the losses caused by the failure of several significant domestic financial institutions; and large losses at financial institutions in other parts of the world, among other things.

One company that was particularly affected by these conditions is AIG. AIG is a large, diversified financial services company that reported consolidated total assets of slightly more than $1 trillion as of June 30, 2008. In 2007, AIG's insurance subsidiaries were the largest providers of life and health insurance in the United States and the second largest providers of property and casualty insurance in the United States in terms of net premiums written. Besides traditional life, health and property and casualty insurance, AIG's subsidiaries also provide guaranteed investment contracts and products that protect participants in 401(k) retirement plans. AIG also is a major participant in a wide range of derivatives markets through its AIG Financial Products business unit, and is a significant counterparty to a number of major national and international financial institutions. As a result of AIG's losses on various investments and other transactions, the firm experienced increased difficulty raising funds in the markets, and default by the firm on its obligations

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appeared increasingly likely. Should it have failed to meet such obligations, AIG's relationships with many major domestic and international financial institutions had the potential to lead to significant losses by those institutions. In these circumstances, a disorderly failure of AIG could have added to already significant levels of financial market fragility and led to substantially higher borrowing costs, reduced household wealth, and materially weaker economic performance.

In light of these and other facts, the Board on September 16, 2008, with the support of the Treasury, authorized the Federal Reserve Bank of New York (Reserve Bank) to extend up to $85 billion in credit to AIG to prevent the disorderly failure of the company. This credit facility was designed to be repaid from proceeds from the orderly unwinding and sale of many of the firm's assets, including the sale of most of its subsidiary insurance companies. Subsequently, to help address ongoing liquidity pressures on AIG, the Board on October 6, 2008, authorized the Reserve Bank to borrow up to $37.8 billion in investment-grade, fixed-income securities from AIG in return for cash collateral.

Since the time the Board authorized the Reserve Bank to extend credit on September 16, Congress has authorized the creation of the TARP, which allows the Treasury to acquire "troubled assets," including any "financial instruments that the Secretary, after consultation with the Chairman of the Board of Governors of the Federal Reserve System, determines the purchase of which is necessary to promote financial market stability."[1]

As you know, the Treasury Department has already established, after the consultations provided for in EESA, a Capital Purchase Program under which the TARP, subject to specified conditions, will purchase perpetual preferred stock and obtain warrants issued by qualifying U.S. banks and savings associations and their holding companies. That program, in conjunction with the FDIC's guarantee program and the provision of substantial amounts of liquidity by the Federal Reserve, appears to have increased the stability of the U.S. banking system.

However, the situation of AIG has not fully stabilized, a number of major financial institutions globally continue to have substantial exposures to the firm, and consequently AIG continues to pose systemic risks. The Federal Reserve intends to take certain steps to improve the firm's financial condition and protect financial stability and the Federal Reserve and taxpayers. Nonetheless, discussions with management of AIG and information provided by the credit rating agencies now indicate, in the current fragile market conditions, that an injection of approximately $40 billion in newly issued preferred stock of AIG would provide the best prospects for an orderly resolution of the firm with the least disruption to the financial markets and the overall economy, and would provide the greatest assurance that the Federal Reserve and the taxpayer will be repaid and protected. The Federal Reserve is authorized under the Federal Reserve Act to extend credit in various forms, but is not authorized to purchase equity securities of financial institutions. However, in my view, the purchase of perpetual preferred stock of

[1] See section 3(9)(B) of EESA.

AIG would qualify as a financial instrument for purposes of the EESA and would be a permissible and appropriate investment for the TARP. The investment would augment the capital of AIG, better enable the company and its regulated subsidiaries to weather the current severe difficulties in financial markets described above, and mitigate risks to the financial system. I understand that AIG is prepared to issue to the TARP preferred stock that includes terms designed to protect the interests of taxpayers and help ensure that AIG is able to fully repay the U.S. government for all liquidity and capital assistance provided. AIG must also abide by the standards governing executive compensation established by the Secretary under the EESA.

As a result, I have concluded that the purchase of preferred stock from AIG by the TARP under the conditions established by the Treasury is necessary to promote financial market stability. Treasury's investment, along with the other steps proposed to be taken by the Federal Reserve, would strengthen the company and our financial system and better enable both the company and the financial system to withstand the current market turmoil and provide credit and other financial services needed by consumers, small businesses, and others.

Sincerely,